



# Milk Pricing

## NEWSLETTER

Dairy Marketing Branch, CDFA

November 2002

### NATIONAL COMMODITY PRICES REMAIN SLUGGISH, OR DOWN

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

Compared to last month, the national commodity price for Cheddar cheese decreased, while butter showed a slight increase. Consequently, the whole milk price decrease (seven and five tenths cents per gallon) was less than that of the other types of milk: reduced fat milk decreased eight and nine tenths cents per gallon, lowfat milk decreased nine and nine tenths cents per gallon, and skim milk decreased eight and seven tenths cents per gallon.

The national commodity price for Cheddar cheese decreased significantly last month and commercial demand for cheese is still sluggish. In addition, the weak economy continues to drive low consumer demand for dairy products. The usual upcoming holiday season higher demand for dairy products may help decrease the high levels of butter and cheese storage inventories, which in turn may cause these commodity prices to increase.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for December 2002

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole Milk	\$1.060	\$0.530	\$0.265	\$0.133	\$0.088	\$0.066
Reduced Fat (2%)	\$1.009	\$0.505	\$0.252	\$0.126	\$0.084	\$0.063
Lowfat (1%)	\$1.984	\$0.492	\$0.246	\$0.123	\$0.082	\$0.061
Nonfat (Skim)	\$0.765	\$0.382	\$0.191	\$0.096	\$0.064	\$0.048
<b>Southern California</b>						
Whole Milk	\$1.084	\$0.542	\$0.271	\$0.135	\$0.090	\$0.068
Reduced Fat (2%)	\$1.033	\$0.516	\$0.258	\$0.129	\$0.086	\$0.065
Lowfat (1%)	\$1.007	\$0.504	\$0.252	\$0.126	\$0.084	\$0.063
Nonfat (Skim)	\$0.789	\$0.394	\$0.197	\$0.099	\$0.066	\$0.049

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.075↓	\$0.037↓	\$0.019↓	\$0.009↓	\$0.006↓	\$0.005↓
Reduced Fat (2%)	\$0.089↓	\$0.044↓	\$0.022↓	\$0.011↓	\$0.007↓	\$0.006↓
Lowfat (1%)	\$0.099↓	\$0.049↓	\$0.025↓	\$0.012↓	\$0.008↓	\$0.006↓
Nonfat (Skim)	\$0.087↓	\$0.043↓	\$0.022↓	\$0.007↓	\$0.007↓	\$0.005↓

California Department of Food and Agriculture (CDFA)

William (Bill) Lyons Jr., Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
Phone (916) 654-1456; Website: [www.cdca.ca.gov/dairy](http://www.cdca.ca.gov/dairy); email address: [dairy@cdca.ca.gov](mailto:dairy@cdca.ca.gov)

## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

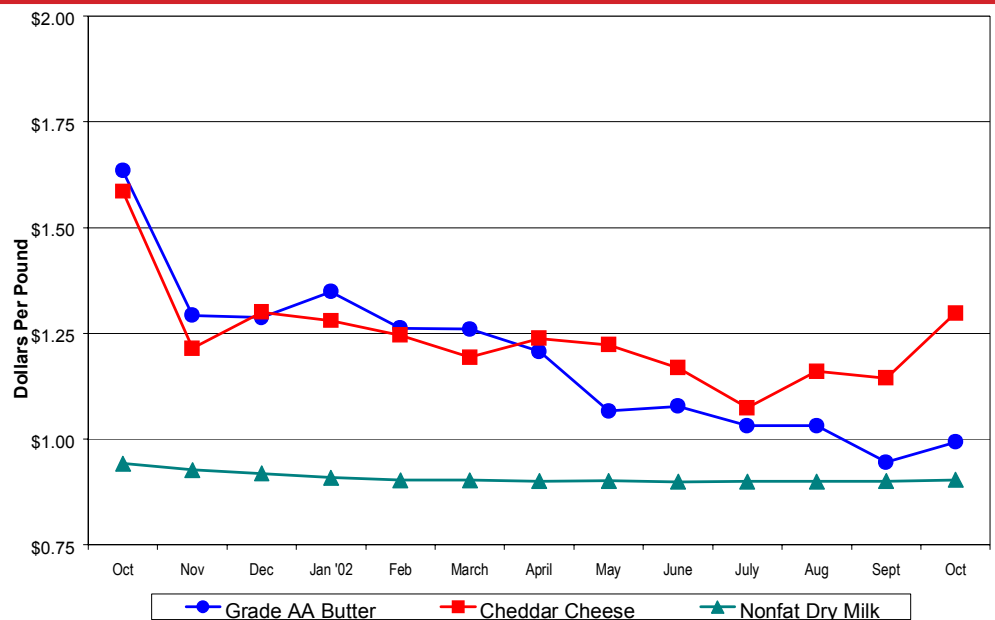
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)	Butter (\$/lb)	Cheese (\$/lb)
March	\$0.21	\$1.32	\$0.51	\$1.10	\$1.02
April	\$0.20	\$1.25	\$0.48	\$1.04	\$1.06
May	\$0.20	\$1.25	\$0.48	\$0.92	\$1.02
June	\$0.20	\$1.16	\$0.45	\$0.90	\$0.96
July	\$0.20	\$1.16	\$0.45	\$0.88	\$0.89
Aug	\$0.20	\$1.09	\$0.43	\$0.85	\$0.97
Sept	\$0.20	\$1.09	\$0.43	\$0.81	\$0.99
Oct.	\$0.20	\$1.05	\$0.41	\$0.88	\$1.04
Nov	\$0.20	\$1.05	\$0.41	—	—

### National Commodity Prices for October 2001 - October 2002

Grade AA Butter,  
Block Cheddar Cheese,  
and Nonfat Dry Milk  
Prices Used in the  
Calculation of  
California Class 1  
Milk Prices



California Department of Food and Agriculture  
 1220 N Street, Room A-224  
 Sacramento, CA 95814-5621

First Class Mail  
 U.S. Postage  
 PAID  
 Permit No. 81  
 Sacramento, CA